



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
TODD COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 2000

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.KYAUDITOR.NET**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELE. (502) 564-5841
FAX (502) 564-2912**

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE TODD COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

The Auditor of Public Accounts has completed the Todd County Fiscal Court audit for fiscal year ended June 30, 2000. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Fund balances decreased by \$13,364 from the prior fiscal year, resulting in a cash balance of \$763,091 as of June 30, 2000. Revenues decreased by \$203,126 from the prior year and disbursements increased by \$86,081.

Debt Obligations:

Capital lease principal agreements totaled \$96,000 as of June 30, 2000. Future principal and interest payments of \$139,435 are needed to meet these obligations.

Report Comments:

- The Fiscal Court Should Adopt An Administrative Code
- The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral To Protect Deposits
- The Todd County Jail Personnel Costs Show An Excess Of Overtime Paid
- The County Jailer's Bond Is Insufficient

Deposits:

As of September 7, 1999, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$213,101 of public funds uninsured and unsecured.

<u>CONTENTS</u>	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1
TODD COUNTY OFFICIALS	3
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES ARISING FROM CASH TRANSACTIONS.....	6
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES	10
NOTES TO FINANCIAL STATEMENTS	12
SUPPORTING SCHEDULES:	
COMPARATIVE SCHEDULE OF BUDGETED TO ACTUAL OPERATING REVENUE.....	19
SCHEDULE OF OPERATING REVENUE	23
COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED EXPENDITURES	27
SCHEDULE OF UNBUDGETED EXPENDITURES	31
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	35
COMMENTS AND RECOMMENDATIONS	39
APPENDIX A:	
CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Cecil S. Mallory, Jr., Todd County Judge/Executive

Members of the Todd County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Todd County, Kentucky, as of June 30, 2000, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Todd County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Todd County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising primarily from cash transactions as of June 30, 2000, of Todd County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Cecil S. Mallory, Jr., Todd County Judge/Executive
Members of the Todd County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated March 2, 2001 on our consideration of Todd County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Based on the results of our audit, we present the accompanying comments and recommendations, included herein, which discusses the following report comments:

- The Fiscal Court Should Adopt An Administrative Code
- The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral To Protect Deposits
- The Todd County Jail Personnel Costs Show An Excess Of Overtime Paid
- The County Jailer's Bond Is Insufficient

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Todd County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
March 2, 2001

TODD COUNTY OFFICIALS

Fiscal Year Ended June 30, 2000

Fiscal Court Members:

Cecil S. Mallory, Jr.	County Judge/Executive
Boone Thornhill	Magistrate
John F. Groves	Magistrate
Roy Addison, Jr.	Magistrate
Carl Templeman	Magistrate
James Turner, Jr.	Magistrate

Other Elected Officials:

	County Attorney
Boone Stokes	Jailer
Billy Fowler	County Clerk
Mark Cowherd	Circuit Court Clerk
Dallas Orr	Sheriff
Virgil Monroe	Property Valuation Administrator
Jimmy Shemwell	Coroner

Appointed Personnel:

Georgia Stanford	County Treasurer
Lena Mallory	Finance Officer

THIS PAGE LEFT BLANK INTENTIONALLY

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

TODD COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2000

Assets and Other Resources

Assets

General Fund Type

General Fund:

Cash	\$	302,181
------	----	---------

Road and Bridge Fund:

Cash		365,489
------	--	---------

Local Government Economic Assistance Fund:

Cash		7,643
------	--	-------

Ambulance Service Fund:

Cash		24,928
------	--	--------

Timberland Tax Fund:

Cash	3,218	\$ 703,459
------	-------	------------

Special Revenue Fund Type

Dispatch Fund:

Cash		52,263
------	--	--------

Other Resources

General Fund Type

Jail Fund:

Amounts to be Provided in Future Years for Jail Capital

Lease Obligations - Bond Principal Payments (Note 4)		96,000
--	--	--------

Total Assets and Other Resources

	\$	851,722
--	----	---------

The accompanying notes are an integral part of the financial statements.

TODD COUNTY
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
June 30, 2000
(Continued)

Liabilities and Fund Balances

Liabilities

General Fund Type

Jail Fund:

Capital Lease Obligation - Bond Principal Payments (Note 4)	\$	96,000
--	----	--------

Fund Balances

Reserved:

General Fund Type

Timberland Tax Fund	3,218
---------------------	-------

Unreserved:

General Fund Type

General Fund	\$	302,181	
Road and Bridge Fund		365,489	
Local Government Economic Assistance Fund		7,643	
Ambulance Service Fund		<u>24,928</u>	700,241

Special Revenue Fund Type

Dispatch Fund	<u>52,263</u>
---------------	---------------

Total Liabilities and Fund Balances	<u><u>\$</u></u>	<u>851,722</u>
-------------------------------------	------------------	----------------

The accompanying notes are an integral part of the financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

TODD COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2000

	<u>General Fund Type</u>			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 2,190,733	\$ 551,975	\$ 1,032,744	\$ 181,319
Transfers In	438,865	117,595		224,885
Fire Protection Taxes	1,378			
Total Cash Receipts	<u>\$ 2,630,976</u>	<u>\$ 669,570</u>	<u>\$ 1,032,744</u>	<u>\$ 406,204</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 2,199,989	\$ 373,587	\$ 898,069	\$ 401,204
Schedule of Unbudgeted Expenditures	1,454			
Transfers Out	438,865	321,270	117,595	
Other Financing Uses:				
Capital Lease - Principal	5,000			5,000
Total Cash Disbursements	<u>\$ 2,645,308</u>	<u>\$ 694,857</u>	<u>\$ 1,015,664</u>	<u>\$ 406,204</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (14,332)	\$ (25,287)	\$ 17,080	\$
Cash Balance - July 1, 1999	<u>770,054</u>	<u>327,468</u>	<u>348,409</u>	
Cash Balance - June 30, 2000	<u><u>\$ 755,722</u></u>	<u><u>\$ 302,181</u></u>	<u><u>\$ 365,489</u></u>	<u><u>\$</u></u>

The accompanying notes are an integral part of the financial statements.

TODD COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 2000
 (Continued)

General Fund Type				Special Revenue Fund Type
Local Government Economic Assistance Fund	Ambulance Service Fund	Solid Waste Fund	Timberland Tax Fund	Dispatch Fund
\$ 62,836	\$ 159,335 50,000	\$ 91,535 46,385	\$ 1,378	\$ 110,989
\$ 62,836	\$ 209,335	\$ 137,920	\$ 1,378	\$ 110,989
\$ 60,845	\$ 213,918	\$ 137,920	\$ 1,454	\$ 114,446
\$ 60,845	\$ 213,918	\$ 137,920	\$ 1,454	\$ 114,446
\$ 1,991 5,652	\$ (4,583) 29,511	\$	\$ (76) 3,294	\$ (3,457) 55,720
\$ 7,643	\$ 24,928	\$	\$ 3,218	\$ 52,263

The accompanying notes are an integral part of the financial statements.

TODD COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2000

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Todd County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity.

Additional - Todd County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Todd County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Todd County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Todd County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund (LGEA), Ambulance Service Fund, Solid Waste Fund, and the Timberland Tax Fund.

TODD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Dispatch Fund of the Fiscal Court is reported as a Special Revenue Fund Type.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

D. Legal Compliance - Budget

The Todd County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Timberland Tax Fund. The County did not budget the Timberland Tax Fund as it has not been budgeted in the past.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

TODD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following is considered a related organization of Todd County Fiscal Court: Todd County Water District. The county judge/executive is responsible for appointing, with the fiscal court's approval, the board members of the Todd County Water District, but the fiscal court's accountability for these organizations does not extend beyond making the appointments. In fiscal year 2000, the fiscal court appropriated no funds to the Todd County Water District.

G. Jointly Governed Organization

The Todd County Fiscal Court, in conjunction with City of Elkton, has created the Elkton-Todd County Airport Board. The Elkton-Todd County Airport Board is composed of six members appointed by the county and the city. Each government appoints three members. The county appropriated \$1,500 for the Elkton-Todd County Airport Board during fiscal year 2000.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

TODD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The county entered into a written agreement with the depository institution and met requirements (a), (b), and (c) stated above. However, as of September 7, 1999, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$213,101 of public funds uninsured and unsecured.

The county's deposits are categorized below to give an indication of the level of risk assumed by the county as of September 7, 1999.

	<u>Bank Balance</u>
Collateralized with securities held by pledging depository institution in the county's name	\$ 1,242,174
FDIC Coverage	100,000
Uncollateralized and uninsured	<u>213,101</u>
Total	<u>\$ 1,555,275</u>

Note 4. Long-Term Debt

The county entered into a lease agreement with Kentucky Association of Counties Leasing Trust for construction on the Todd County Jail. The agreement required a monthly interest payment and a semi-annual principal payment on January 20 and July 19. The total principal balance of the agreement is \$96,000, on June 30, 2000. Remaining lease requirements are:

<u>Due Date</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
June 30, 2001	\$ 6,791	\$ 6,000
June 30, 2002	6,325	7,000
June 30, 2003	5,817	7,000
June 30, 2004	5,308	7,000
June 30, 2005	4,770	8,000
Thereafter thru January 20, 2011	<u>14,424</u>	<u>61,000</u>
Totals	<u>\$ 43,435</u>	<u>\$ 96,000</u>

TODD COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2000
 (Continued)

Note 5. Lease-Purchase Agreement

The county has entered into the following lease-purchase agreement:

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Tool Carrier	12/10/1996	02/01/02	4.67	\$ 21,000

This agreement is a liability of the Road and Bridge Fund.

Note 6. Insurance

For the fiscal year ended June 30, 2000, Todd County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

TODD COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2000

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 480,571	\$ 551,975	\$ 71,404
Road and Bridge Fund	995,879	1,032,744	36,865
Jail Fund	152,987	181,319	28,332
Local Government Economic Assistance Fund	61,250	62,836	1,586
Ambulance Service Fund	150,000	159,335	9,335
Solid Waste Fund	80,000	91,535	11,535
<u>Special Revenue Fund Type</u>			
Dispatch Fund	<u>110,000</u>	<u>110,989</u>	<u>989</u>
Totals	<u>\$ 2,030,687</u>	<u>\$ 2,190,733</u>	<u>\$ 160,046</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 2,030,687
Add: Budgeted Prior Year Surplus			302,133
Less:			
Other Financing Uses			<u>(5,000)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 2,337,820</u>

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE OF OPERATING REVENUE

TODD COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2000

Revenue Categories	<u>GOVERNMENTAL FUND TYPES</u>		
	Totals (Memorandum Only)	General Fund Type	Special Revenue Fund Type
Taxes	\$ 319,171	\$ 319,171	\$
In Lieu Tax Payments	130,639	130,639	
Excess Fees	24,597	24,597	
License and Permits	334	334	
Intergovernmental Revenues	1,220,288	1,220,288	
Charges for Services	368,031	257,518	110,513
Miscellaneous Revenues	66,149	65,673	476
Interest Earned	61,524	61,524	
Total Operating Revenue	<u>\$ 2,190,733</u>	<u>\$ 2,079,744</u>	<u>\$ 110,989</u>

THIS PAGE LEFT BLANK INTENTIONALLY

COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

TODD COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2000

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 647,763	\$ 288,970	\$ 358,793
Protection to Persons and Property	307,828	554,185	(246,357)
General Health and Sanitation	8,857	140,628	(131,771)
Social Services	4,400	860	3,540
Recreation and Culture	2,500	10,191	(7,691)
Roads	875,765	880,556	(4,791)
Debt Service	18,485	17,468	1,017
Administration	337,222	192,685	144,537
Total Operating Budget - All General Fund Type	\$ 2,202,820	\$ 2,085,543	\$ 117,277
Other Financing Uses:			
Capital Lease Agreement-Principal	5,000	5,000	
TOTAL BUDGET - ALL GENERAL FUND TYPE	<u>\$ 2,207,820</u>	<u>\$ 2,090,543</u>	<u>\$ 117,277</u>
Expenditure Categories	SPECIAL REVENUE FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
Protection to Persons and Property	\$ 112,000	\$ 105,776	\$ 6,224
Administration	13,000	8,670	4,330
TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	<u>\$ 125,000</u>	<u>\$ 114,446</u>	<u>\$ 10,554</u>

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE OF UNBUDGETED EXPENDITURES

TODD COUNTY
SCHEDULE OF UNBUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2000

<u>Expenditure Items</u>	<u>Timberland Tax Fund</u>
Fire Protection Taxes	<u>\$ 1,454</u>

THIS PAGE LEFT BLANK INTENTIONALLY

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Cecil S. Mallory, Jr., Todd County Judge/Executive
Members of the Todd County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Todd County, Kentucky, as of and for the year ended June 30, 2000, and have issued our report thereon dated March 2, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Todd County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying comments and recommendations:

- The Fiscal Court Should Adopt An Administrative Code
- The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral To Protect Deposits
- The County Jailer's Bond Is Insufficient

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Todd County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Todd County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying comment and recommendation:

- The Todd County Jail Personnel Costs Show An Excess Of Overtime Paid

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
March 2, 2001

COMMENTS AND RECOMMENDATIONS

TODD COUNTY
COMMENTS AND RECOMMENDATIONS

Fiscal Year Ended June 30, 2000

NONCOMPLIANCES

1) The Fiscal Court Should Adopt An Administrative Code

As in years past, we are once again repeating this comment. KRS 68.005 requires the fiscal court to adopt an administrative code. The administrative code is the guidance for the operation of the Todd County government. We recommend the fiscal court adopt an administrative code in accordance with KRS 68.005 as noted below.

KRS 68.005(1) The fiscal court shall adopt a county administrative code which includes, but is not limited to, procedures and designation of responsibility for:

- (a) General administration of the office of county judge/executive, county administrative agencies, and public authorities;
- (b) Administration of county fiscal affairs, including budget formulation, receipt and disbursement of county funds, and preparation of records required for the county audits, and filing of claims against the county.
- (c) Personnel administration, including description and classification of non-elected positions, selection, assignment, supervision, and discipline of employees, employee complaints and the county affirmative action program;
- (d) County purchasing and award of contracts;
- (e) Deliver of county services.

County Judge/Executive's Response:

The administrative code will be presented to the fiscal court again.

2) The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral To Protect Deposits

On September 7, 1999, \$213,101 of the county's deposits of public funds in depository institutions was uninsured and unsecured. According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with Federal Deposit Insurance Corporation insurance, equals or exceeds the amount of public funds on deposit at all times. We recommend that the county require the depository institution to pledge or provide collateral in an amount sufficient to secure deposits of public funds at all times.

County Judge/Executive's Response:

None.

TODD COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2000
(Continued)

NONCOMPLIANCES (Continued)

3) The County Jailer's Bond Is Insufficient

Our review of the county officials' bonds indicates that the jailer was insufficiently bonded. KRS 71.010 requires the jailer to have a bond of \$10,000. We recommend the county obtain a bond for the jailer in compliance with the \$10,000 requirement.

County Judge/Executive's Response:

None.

REPORTABLE CONDITION

1) The Todd County Jail Personnel Costs Has An Excess Of Overtime Paid

During the course of our audit, we discovered that one deputy jailer was being compensated for a large number of overtime hours each week. Further review indicated that the deputy in question was being paid for overtime of approximately 38-44 hours each week – no other deputy appeared to receive over 4-10 hours on a regular basis. The jailer had for both calendar year 2000 and for the fiscal year ended June 30, 2000 approved time sheets which effectively compensated this deputy in an amount of 150% over and above what would have been his normal 40 hour work week earnings. To pay one deputy this amount of overtime instead of hiring additional staff does not appear to be prudent use of the county's money. We recommend the county judge and jailer review the staffing needs of the jail and determine the best way to meet the jail's staffing needs and at the same time, provide an efficient use of the county's human resource dollars.

County Judge/Executive's Response:

This has been discussed before and no action taken.

Jailer's Response:

We cannot get any help, the fiscal court is not willing to pay enough for us to acquire good employees who will stay.

PRIOR YEAR FINDINGS

The fiscal court did not adopt an administrative code. This finding was not corrected this year and has remained a matter of non-compliance for several years now.

CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

TODD COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000


CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC PROGRAM
TODD COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

The Todd County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name
County Judge/Executive



Name
County Treasurer